

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7794

BILL NUMBER: SB 401

NOTE PREPARED: Jan 6, 2005

BILL AMENDED:

SUBJECT: Joint purchase of insurance by schools.

FIRST AUTHOR: Sen. Clark

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill allows school corporations to jointly purchase insurance.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The bill could potentially reduce school insurance costs. The impact would depend on the extent schools could jointly purchase insurance. For the 2004 school year, schools spent about \$692.2 M on insurance. The expenditures were about \$68.1 M greater than the 2003 expenditures of \$624.1M. If schools could save 1% statewide, then the savings would be about \$6.9 M annually. The most costly type of insurance purchased by schools is health insurance, which makes up about 92% of all insurance costs. Schools may have some problems jointly purchasing health insurance since the health plans may differ.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Local Schools.

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.